

Message Text

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PAGE 01 ADDIS 02121 110933Z
ACTION AF-10

INFO OCT-01 ISO-00 EB-08 SP-02 L-03 TRSE-00 AID-05
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FM AMEMBASSY ADDIS ABABA
TO SECSTATE WASHDC 8346

C O N F I D E N T I A L ADDIS ABABA 2121

E.O. 11652: GDS
TAGS: EFIN, EAID, F, AFDB, AFDR
SUBJ: COMPENSATION FOR NATIONALIZED US FIRMS IN ETHIOPIA

REF: (A) LIBREVILLE 1059, (B) ADDIS 1723, (C) 77 ADDIS 5607
(D) STATE 118989

1. EMBASSY PLEASED THAT BERGSTEN RAISED ISSUE OF COMPENSATION WITH FINMIN TEFERRA AT RECENT AFDB MEETING.
2. PAST INVITATIONS BY TEFERRA, AND OTHERS, TO U.S. FIRMS TO ACTIVELY NEGOTIATE WITH THE ETHIOPIAN COMPENSATION COMMISSION HAVE BEEN ONLY marginally productive. IN PART THIS MAY BE ATTRIBUTABLE TO ACTIONS/RESPONSES OF U.S. FIRMS INVOLVED (I.E., APRIL 3, 1978 LETTER OF KALSEC INFORMING THE COMPENSATION COMMISSION THAT IT WOULD REQUIRE UNTIL ABOUT MID-JULY FOR THEM TO RESPOND TO A REQUEST FOR INFORMATION).
3. OBVIOUS SUCCESS BY BERGSTEN IN ESTABLISHING RAPPORT WITH TEFERRA ENCOURAGING AND HOPEFULLY WILL LEAD TO MORE SUBSTANTIAL PROGRESS BY COMPENSATION COMMISSION. ALSO CONTACT BY BERGSTEN WITH CONCERNED U.S. FIRMS MAY ENCOURAGE A MORE AGGRESSIVE AND POSITIVE APPROACH BY THEM. WE WILL WATCH CLOSELY FOR SIGNS OF FURTHER PROGRESS HERE. IT WILL BE HELPFUL IF WE CAN KNOW WHICH FIRMS FORMALLY REQUEST A DATE FOR NEGOTIATIONS AND THE TIMING THEY SUGGEST TO THE
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COMMISSION. THIS WILL HELP IN USG SETTING REASONABLE TIMETABLE FOR EPMG ACTION IN RELATION TO FUTURE VOTES IN THE INTERNATIONAL FINANCIAL INSTITUTIONS, ETC.

4. IT IS OUR BELIEF THAT DISCOVERY BY THE COMPENSATION COMMISSION OF ILLEGAL AND/OR INAPPROPRIATE BUSINESS ACTIVITIES BY FOREIGN FIRMS IS A MAJOR HOLD UP TO

FOSTER PROGRESS IN RESOLVING THE HUNDREDS OF PENDING CLAIMS.
U.S. FIRMS SHOULD THOROUGHLY DOCUMENT CLAIMS BEFORE
ENTERING NEGOTIATIONS AND SHOULD BE PREPARED TO DISCUSS
ALL PHASES OF THEIR BUSINESS OPERATIONS IN ETHIOPIA.

5. WE WILL MAKE THE APPROPRIATE FOLLOW-UP HERE AS
INSTRUCTED REF (D).
MATHERON

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NNN

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